

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)

Financial Statements

Year Ended December 31, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Special Service Area Number 29
West Town Chamber of Commerce, Contractor
Chicago, Illinois

We have audited the accompanying statement of financial position of Special Service Area Number 29 (a taxing district authorized by the City of Chicago) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area Number 29 as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses and budget variances on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bravos & Associates

March 2, 2011
Bloomington, Illinois

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)
Statement of Financial Position
December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|-----------------------------------|-------------------|-------------------|
| <u>Assets</u> | | |
| <u>Current Assets</u> | | |
| Cash and Cash Equivalents | \$ 230,352 | \$ 157,828 |
| Accounts receivable | 26,528 | 9,340 |
| Prepaid Insurance | <u>1,098</u> | <u>-</u> |
| | | |
| Total Assets | <u>\$ 257,978</u> | <u>\$ 167,168</u> |
| | | |
| <u>Liabilities and Net Assets</u> | | |
| <u>Current Liabilities</u> | | |
| Accounts payable | \$ 4,833 | \$ 10,340 |
| | | |
| Net assets, unrestricted | <u>253,145</u> | <u>156,828</u> |
| | | |
| Total Liabilities and Net Assets | <u>\$ 257,978</u> | <u>\$ 167,168</u> |

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)
Statement of Activities
For the Years Ended December 31, 2010 and 2009

| | 2010 | | | 2009 | | |
|--|-------------------|----------------|----------------------------------|-------------------|----------------|----------------------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Over (Under) Variance</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under) Variance</u> |
| <u>Changes in Unrestricted Net Assets:</u> | | | | | | |
| <u>Revenues:</u> | | | | | | |
| Tax Levy Revenue - Current Year | \$ 359,161 | \$ 440,006 | \$ (80,845) | \$ 372,104 | \$ 406,045 | \$ (33,941) |
| Interest Income | 548 | - | 548 | 344 | - | 344 |
| <u>Total Revenues</u> | <u>359,710</u> | <u>440,006</u> | <u>(80,296)</u> | <u>372,448</u> | <u>406,045</u> | <u>(33,597)</u> |
| <u>Expenses:</u> | | | | | | |
| <u>Program costs:</u> | | | | | | |
| 1.00 Advertising & Promotion | 36,660 | 96,546 | (59,886) | 69,846 | 117,363 | (47,517) |
| 2.00 Public Way Maintenance | 107,490 | 126,245 | (18,755) | 93,656 | 92,600 | 1,056 |
| 3.00 Public Way Aesthetics | 46,967 | 71,600 | (24,633) | 65,519 | 70,920 | (5,401) |
| 4.00 Tenant Retention/Attraction | 5,818 | 10,300 | (4,482) | 6,100 | 9,116 | (3,016) |
| 5.00 Façade Improvements | 31,551 | 47,708 | (16,157) | 11,409 | 33,546 | (22,137) |
| 6.00 Parking/Transit/Accessibility | 670 | 1,200 | (530) | 700 | 2,400 | (1,700) |
| 7.00 Safety Programs | 955 | 1,300 | (345) | 1,000 | 3,300 | (2,300) |
| 8.00 District Planning | 5,729 | 12,000 | (6,271) | 3,700 | 4,616 | (916) |
| <u>Total Program Expense</u> | <u>235,840</u> | <u>366,899</u> | <u>(131,059)</u> | <u>251,930</u> | <u>333,861</u> | <u>(81,931)</u> |
| <u>Administration</u> | | | | | | |
| 10.00 Operational & Administrative Support | 27,553 | 33,107 | (5,554) | 34,527 | 43,184 | (8,657) |
| 11.00 Tax Levy Loss Collection | - | 40,000 | - | - | 29,000 | (29,000) |
| <u>Total Administration expenses</u> | <u>27,553</u> | <u>73,107</u> | <u>(5,554)</u> | <u>34,527</u> | <u>72,184</u> | <u>(37,657)</u> |
| <u>Total Expenses</u> | <u>263,393</u> | <u>440,006</u> | <u>(136,613)</u> | <u>286,457</u> | <u>406,045</u> | <u>(119,588)</u> |
| Increase (Decrease) in Net Assets | 96,317 | | | 85,991 | | |
| <u>Unrestricted Net Assets:</u> | | | | | | |
| Beginning of Year | <u>156,828</u> | | | <u>70,837</u> | | |
| End of Year | <u>\$ 253,145</u> | | | <u>\$ 156,828</u> | | |

Special Service Area Number 29
(West Town Chicago Chamber of Commerce, Contractor)
Statement of Cash Flows
For the Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Cash Flows from operating activities: | | |
| Increase (decrease) in unrestricted net assets | \$ 96,317 | \$ 85,991 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Accounts receivable | (17,188) | (6,544) |
| Prepaid Insurance | (1,098) | |
| Accounts payable | <u>(5,507)</u> | <u>(5,548)</u> |
| Net cash flows from operating activities: | \$ 72,524 | 73,899 |
| Cash and Cash Equivalents | | |
| Beginning of the year | <u>157,828</u> | <u>83,929</u> |
| End of the year | <u>\$ 230,352</u> | <u>\$ 157,828</u> |
| Supplemental disclosures: | | |
| Interest Paid | <u>\$ -</u> | <u>\$ -</u> |
| Taxes Paid | <u>\$ -</u> | <u>\$ -</u> |

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2010 and 2009

Summary of Accounting Policies

Nature of Organization

West Town Chamber of Commerce, Contractor for Special Service Area Number 29 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the West Chicago Avenue business district. The organization is located within the boundaries of the City of Chicago.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 116, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. The Organization had no temporarily or permanently restricted net assets. As of December 31, 2010 and 2009 the organization has unrestricted net assets in the amount of \$ 167,168 and \$ 86,725 respectfully.

Cash and Cash Equivalents

Cash and cash equivalents is defined as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The organization has not experienced any losses in such accounts. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The organization has established a separate checking account at the North Community Bank in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

Revenue Recognition

The organization's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred. Accounts receivable represent amounts earned, but not received at year end.

Income Taxes

The organization is a part of the West Town Chamber of Commerce, which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2010 and 2009

Summary of Accounting Policies – Continued

Related Party Transactions

Special Service Area Number 29 shares office space, equipment and employees through its affiliation with West Town Chamber of Commerce. Special Service Area Number 29 has no employees of its own, but reimburses West Town Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses West Town Chamber of Commerce for a portion of its operating expenses, allocation of rent and utilities. The Special Service Area Number 29 had \$ 4,833 and \$ 10,340 due to West Town Chamber of Commerce as of December 31, 2010 and 2009 respectfully.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago on November 29, 2004, which expires November 29, 2013, and the annual agreement is based upon the calendar year whereby the City has established a special service area known and designated as “Special Service Area Number 29” to provide special services in addition to those services generally provided by the City. West Town Chamber of Commerce, Contractor has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 0.47% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Special Service Area Number 29
West Town Chamber of Commerce, Contractor
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Bravos & Associates

March 2, 2011
Bloomington, Illinois

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)
Schedule of Expenses with Budget Variances
December 31, 2010 and 2009

| | 2010 | | | 2009 | | |
|---|----------------|----------------|----------------------------------|---------------|----------------|----------------------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Over (Under) Variance</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under) Variance</u> |
| <u>Expenses:</u> | | | | | | |
| <u>Programs:</u> | | | | | | |
| <u>1.00 Advertising & Promotion</u> | | | | | | |
| 1.01 Display Ads | \$ 600 | \$ 5,196 | \$ (4,596) | \$ 1,299 | \$ 1,299 | \$ - |
| 1.05 Special Events | 30,000 | 35,000 | (5,000) | 33,400 | 40,000 | (6,600) |
| 1.06 Website/Technology | - | 50,000 | (50,000) | 28,797 | 69,714 | (40,917) |
| 1.07 Service Provider Direct Services | 6,060 | 6,350 | (290) | 6,350 | 6,350 | - |
| Total | <u>36,660</u> | <u>96,546</u> | <u>(59,886)</u> | <u>69,846</u> | <u>117,363</u> | <u>(47,517)</u> |
| <u>2.00 Public Way Maintenance</u> | | | | | | |
| 2.05 Sidewalk Cleaning | 53,915 | 58,000 | (4,085) | 63,346 | 58,000 | 5,346 |
| 2.06 Sidewalk Power Washing | 14,795 | 31,500 | (16,705) | - | - | - |
| 2.07 Sidewalk Snow Plowing | 26,232 | 23,595 | 2,637 | 17,160 | 21,450 | (4,290) |
| 2.14 Service Provider Direct Services | 12,548 | 13,150 | (602) | 13,150 | 13,150 | - |
| Total | <u>107,490</u> | <u>126,245</u> | <u>(18,755)</u> | <u>93,656</u> | <u>92,600</u> | <u>1,056</u> |
| <u>3.00 Public Way Aesthetics</u> | | | | | | |
| 3.01 Decorative Banner | 5,555 | 15,000 | (9,445) | 9,116 | 9,116 | - |
| 3.02 Holiday Decorations | 20,096 | 17,000 | 3,096 | 15,848 | 13,748 | 2,100 |
| 3.03 Landscaping | 5,600 | 5,600 | - | 5,600 | 5,600 | - |
| 3.05 Streetscape Elements | 600 | 4,000 | (3,400) | - | 7,500 | (7,500) |
| 3.07 Service Provider Direct Services | 14,316 | 15,000 | (684) | 15,000 | 15,000 | - |
| 3.08 Other: Public Way Art | 800 | 15,000 | (14,200) | 19,955 | 19,956 | (1) |
| Total | <u>46,967</u> | <u>71,600</u> | <u>(24,633)</u> | <u>65,519</u> | <u>70,920</u> | <u>(5,401)</u> |
| <u>4.00 Tenant Retention/Attraction</u> | | | | | | |
| 4.03 Site Marketing Materials | - | 4,200 | (4,200) | - | 3,016 | (3,016) |
| 4.04 Technical Assistance to Businesses | - | - | - | - | - | - |
| 4.06 Service Provider Direct Services | 5,818 | 6,100 | (282) | 6,100 | 6,100 | - |
| 4.07 Other: Postage | - | - | - | - | - | - |
| Total | <u>5,818</u> | <u>10,300</u> | <u>(4,482)</u> | <u>6,100</u> | <u>9,116</u> | <u>(3,016)</u> |
| <u>5.00 Façade Improvements</u> | | | | | | |
| 5.01 Façade Enhancement Program | 22,532 | 37,658 | (15,126) | 1,959 | 23,196 | (21,237) |
| 5.04 Service Provider Direct Services | 9,019 | 9,450 | (431) | 9,450 | 9,450 | - |
| 5.05 Other: Postage | - | 600 | (600) | - | 900 | (900) |
| Total | <u>31,551</u> | <u>47,708</u> | <u>(16,157)</u> | <u>11,409</u> | <u>33,546</u> | <u>(22,137)</u> |

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)
Schedule of Expenses with Budget Variances
December 31, 2010 and 2009

| | 2010 | | | 2009 | | |
|---|---------------|---------------|----------------------------------|---------------|---------------|----------------------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Over (Under) Variance</u> | <u>Actual</u> | <u>Budget</u> | <u>Over (Under) Variance</u> |
| <u>Expenses:</u> | | | | | | |
| <u>Programs:</u> | | | | | | |
| <u>6.00 Parking/Transit/Accessibility</u> | | | | | | |
| 6.01 Bicycle Advocacy | \$ - | \$ 500 | \$ (500) | \$ - | \$ 1,700 | \$ (1,700) |
| 6.13 Service Provider Direct Services | 670 | 700 | (30) | 700 | 700 | - |
| Total | 670 | 1,200 | (530) | 700 | 2,400 | (1,700) |
| <u>7.00 Safety Programs</u> | | | | | | |
| 7.05 Lighting, Tree Pruning | - | 300 | (300) | - | 2,300 | (2,300) |
| 7.09 Service Provider Direct Services | 955 | 1,000 | (45) | 1,000 | 1,000 | - |
| Total | 955 | 1,300 | (345) | 1,000 | 3,300 | (2,300) |
| <u>8.00 District Planning</u> | | | | | | |
| 8.02 District Branding | - | 2,800 | (2,800) | - | 916 | (916) |
| 8.03 District Market Study, Impact Analysis | 2,200 | 5,500 | (3,300) | - | - | - |
| 8.07 Service Provider Direct Services | 3,529 | 3,700 | (171) | 3,700 | 3,700 | - |
| Total | 5,729 | 12,000 | (6,271) | 3,700 | 4,616 | (916) |
| <u>10.00 Operational & Administrative Support</u> | | | | | | |
| 10.01 Audit | 2,200 | 2,100 | 100 | 2,158 | 3,166 | (1,008) |
| 10.02 Bookkeeping | 397 | 348 | 49 | - | - | - |
| 10.04 Office Rent | 10,138 | 10,160 | (22) | 9,670 | 9,671 | (1) |
| 10.05 Office Supplies | 2,719 | 3,500 | (781) | 3,327 | 2,991 | 336 |
| 10.06 Office Utilities/Telephone | 1,991 | 5,827 | (3,836) | 2,025 | 2,026 | (1) |
| 10.07 Postage | 44 | 1,000 | (956) | 42 | 200 | (158) |
| 10.10 Service Provider Administrative Support | 9,112 | 9,550 | (438) | 2,062 | 9,550 | (7,488) |
| 10.12 Other: Director & Officer Insurance | 952 | 622 | 330 | 2,311 | 2,311 | - |
| 10.13 Other: SSA Administrative Support | - | - | - | 12,932 | 13,269 | - |
| Total | 27,553 | 33,107 | (5,554) | 34,527 | 43,184 | (8,320) |

Special Service Area Number 29
(West Town Chamber of Commerce, Contractor)
Summary Schedule of Findings
Years ended December 31, 2010 and 2009

Finding # 1 - Budget

We have reviewed the Agreement for the Special Service Area, between the City of Chicago and the Contractor for the year ended December 31, 2010 and 2009.

We noted no exceptions.